



# Texas Department of Insurance

## Division of Workers' Compensation

Medical Fee Dispute Resolution, MS-48  
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645  
512-804-4000 telephone • 512-804-4811 fax • [www.tdi.texas.gov](http://www.tdi.texas.gov)

### MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

#### GENERAL INFORMATION

##### Requestor Name and Address

HOUSTON ORTHO SURG HOSPITAL  
5420 WEST LOOP SOUTH SUITE 3600  
BELLAIRE TX 77401

##### Respondent Name

Ace American Insurance Co

##### Carrier's Austin Representative Box

Box Number 15

##### MFDR Tracking Number

M4-12-2615-01

##### MFDR Date Received

April 9, 2012

#### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "CHARTIS PAID AT THE SEEKING SEPARATE REIMBURSEMENT RATE 103% OF APC RATE. BUT WE DID NOT REQUEST TO BE PAID SEPARATE REIBUSEMENT. NO IMPLANTS WAS ON THIS UB/BILL. PAYMENT WILL NEED TO BE MADE WITHOUT SEEKING 200% OF APC RATE."

**Amount in Dispute:** \$651.65

#### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** Notice of Medicare Fee Dispute acknowledged in writing however, no written response submitted.

#### SUMMARY OF FINDINGS

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
October 13, 2011	Outpatient Hospital Services	\$651.65	\$651.65

#### FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

##### Background

- 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
- 28 Texas Administrative Code §134.403, titled *Hospital Facility Fee Guideline – Outpatient*, sets out the reimbursement guidelines for facility services provided in an outpatient acute care hospital.
- The services in dispute were reduced/denied by the respondent with the following reason codes:

Explanation of benefits dated November 8, 2011

- 1 – Charge exceeds Fee Schedule allowance
- 2 – Reimbursement is in accordance with the TDI Workers Compensation State Fee Schedule Adjustment and Guidelines.
- 3 – Significant procedure. Multiple procedure reduction applies.
- 4 – This item is an integral part of an emergency room visit or surgical procedure and is therefore included in

the reimbursement for the facility/APC rate.

- 5 – 45 – Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement.
- 6 – 59 – Processed based on multiple or concurrent procedure rules.
- 7 – 97 – The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated.
- 8 – W1 – Workers Compensation State Fee Schedule Adjustment
- 9 – The network discount shown above is based on your contract with Prime Health Network through PHS.

Explanation of benefits dated February 1, 2012

- 1 – 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.

### **Issues**

1. Are the disputed services subject to a contractual agreement between the parties to this dispute?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. Is the requestor entitled to reimbursement?

### **Findings**

1. According to the explanation of benefits dated November 8, 2011, the carrier reduced the medical bill using code 45 "CHARGES EXCEED FEE SCHEDULE MAX ALLOWABLE OR CONTRACTED/LEGISLATED FEE ARRANGEMENT." No documentation was found to support that a contract exists between the parties, nor can the division establish what type of contract - Informal or Voluntary pursuant to Texas Labor Code §413.011 (d-1) through (d-3), or Health care Certified Network Texas Insurance Code §1305 - was allegedly accessed. The division further notes that Texas Labor Code §413.011 (d-1) through (d-3) regarding informal and voluntary networks for the type of service in this dispute expired on December 31, 2010. The division concludes that reduction code 45 is not supported, for that reason; the services in dispute will be reviewed pursuant to the applicable division fee guidelines.
2. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables is not applicable.
3. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
  - Procedure code 29879 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 100%. These services are classified under APC 0041, which, per OPPS Addendum A, has a payment rate of \$2,064.02. This amount multiplied by 60% yields an unadjusted labor-related amount of \$1,238.41. This amount multiplied by the annual wage index for this facility of 0.9947 yields an adjusted labor-related amount of \$1,231.85. The non-labor related portion is 40% of the APC rate or \$825.61. The sum of the labor and non-labor related amounts is \$2,057.46. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,025. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$2,057.46. This amount multiplied by 200% yields a MAR of \$4,114.92.
  - Procedure code 29881 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%.

This procedure is paid at 50%. These services are classified under APC 0041, which, per OPSS Addendum A, has a payment rate of \$2,064.02. This amount multiplied by 60% yields an unadjusted labor-related amount of \$1,238.41. This amount multiplied by the annual wage index for this facility of 0.9947 yields an adjusted labor-related amount of \$1,231.85. The non-labor related portion is 40% of the APC rate or \$825.61. The sum of the labor and non-labor related amounts is \$2,057.46. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,025. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line, including multiple-procedure discount, is \$1,028.73. This amount multiplied by 200% yields a MAR of \$2,057.46.

- Procedure code 64450 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 50%. These services are classified under APC 0206, which, per OPSS Addendum A, has a payment rate of \$267.40. This amount multiplied by 60% yields an unadjusted labor-related amount of \$160.44. This amount multiplied by the annual wage index for this facility of 0.9947 yields an adjusted labor-related amount of \$159.59. The non-labor related portion is 40% of the APC rate or \$106.96. The sum of the labor and non-labor related amounts is \$266.55. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,025. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line, including multiple-procedure discount, is \$133.28. This amount multiplied by 200% yields a MAR of \$266.56.

4. The total allowable reimbursement for the services in dispute is \$6,438.94. The amount previously paid by the insurance carrier is \$5,178.38. The requestor is seeking additional reimbursement in the amount of \$651.65. This amount is recommended.

### **Conclusion**

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$651.65.

### ***ORDER***

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$651.65, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### **Authorized Signature**

_____	_____	June 3, 2013
Signature	Medical Fee Dispute Resolution Officer	Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party.**

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**